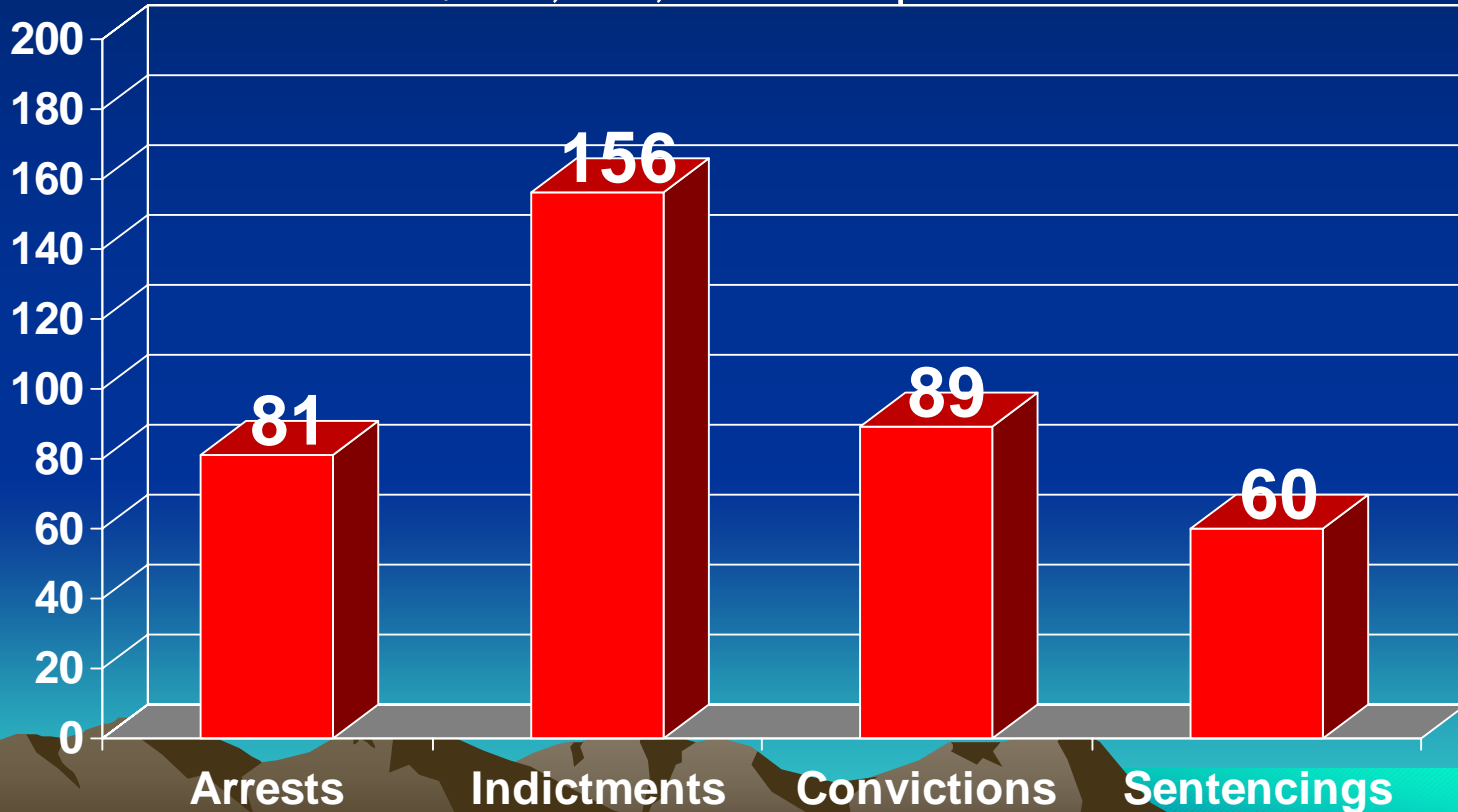




# Operation Quick Flip Stats

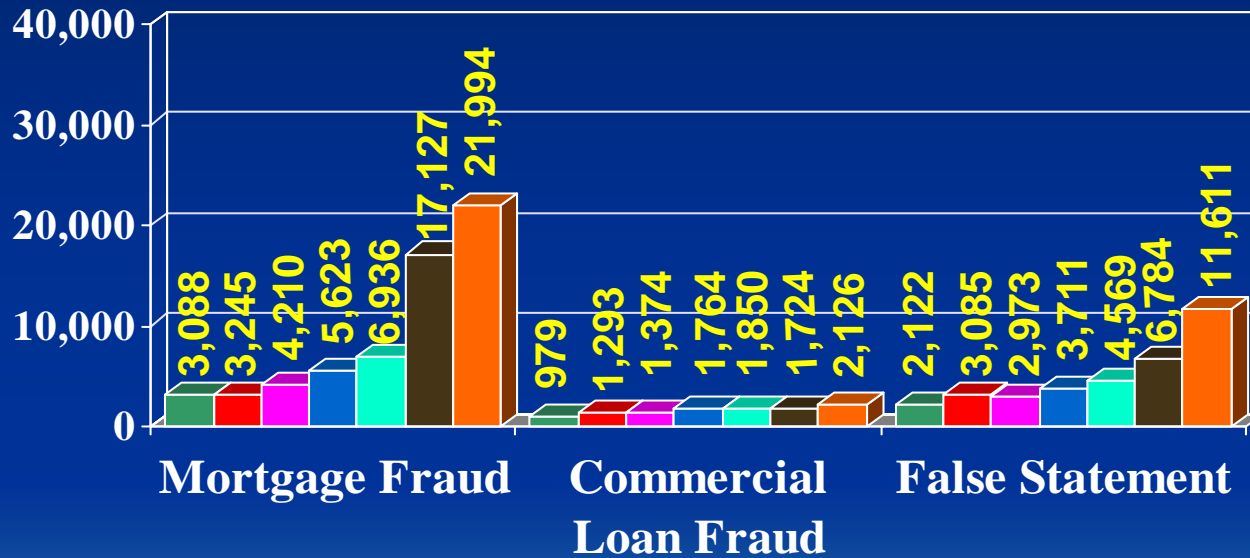
\$606,830,604 in Reported Losses



# Number of Violations of Mortgage Related Fraud SARS Fiscal Years 1999 – 2005 (10/1/98 – 09/30/05) Nationwide



Number of SARs received



- Fiscal Year 1999
  Fiscal Year 2000
  Fiscal Year 2001
- Fiscal Year 2002
  Fiscal Year 2003
  Fiscal Year 2004
- Fiscal Year 2005

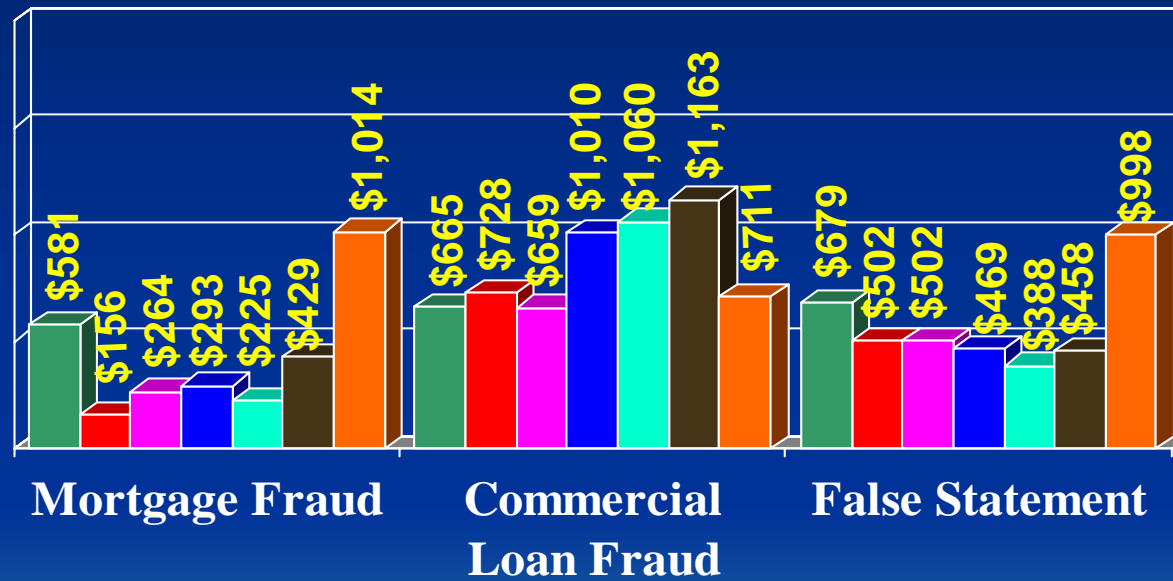
# Dollar Losses Reported of Mortgage Related Fraud SARS Fiscal Years 1998 – 2005 (10/1/98 – 09/30/05) Nationwide



Dollar Losses Reported in Millions

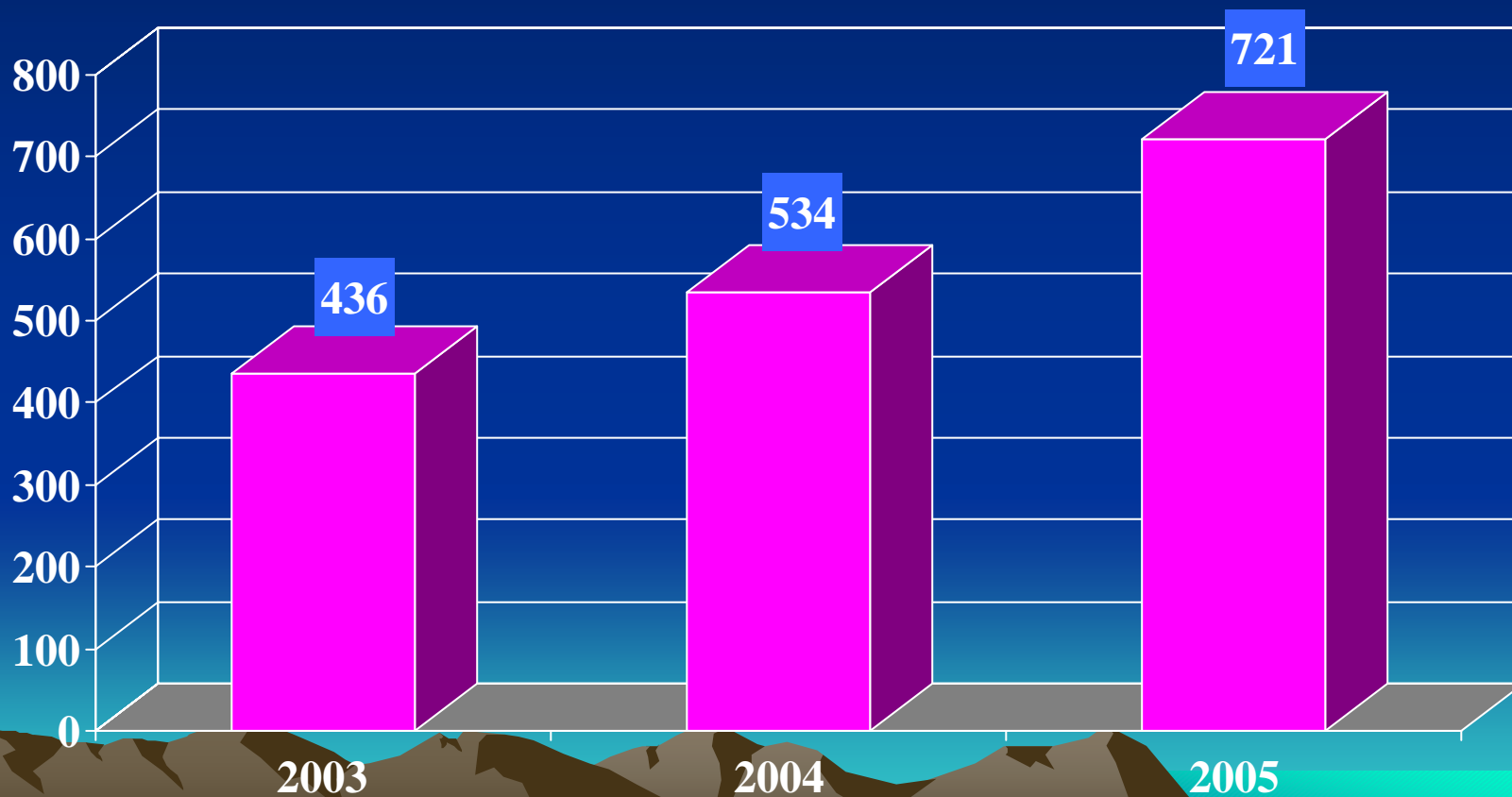
Rounded to nearest millionth

Dollar Losses in Millions

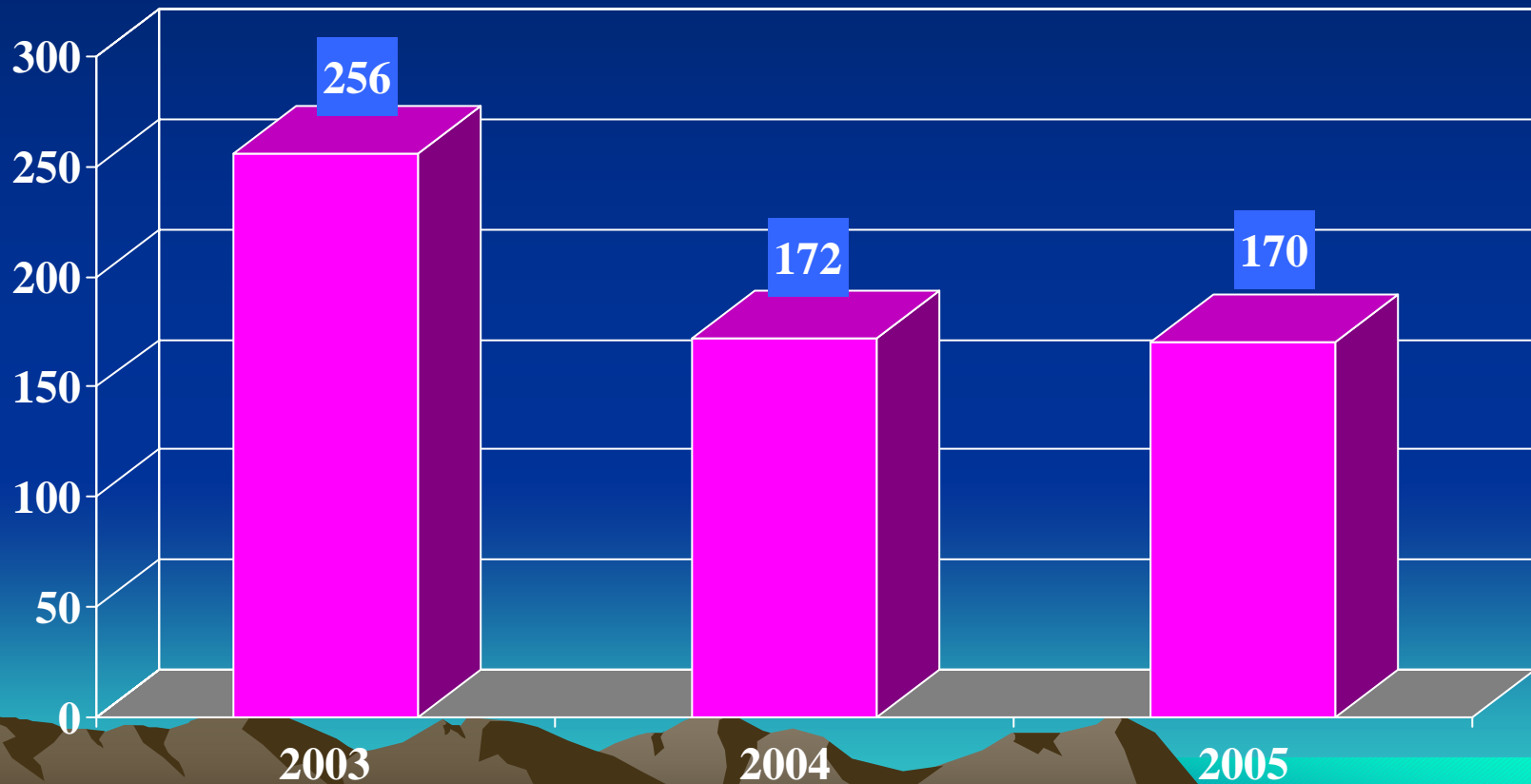


- Fiscal Year 1999
  Fiscal Year 2000
  Fiscal Year 2001
- Fiscal Year 2002
  Fiscal Year 2003
  Fiscal Year 2004
- Fiscal Year 2005

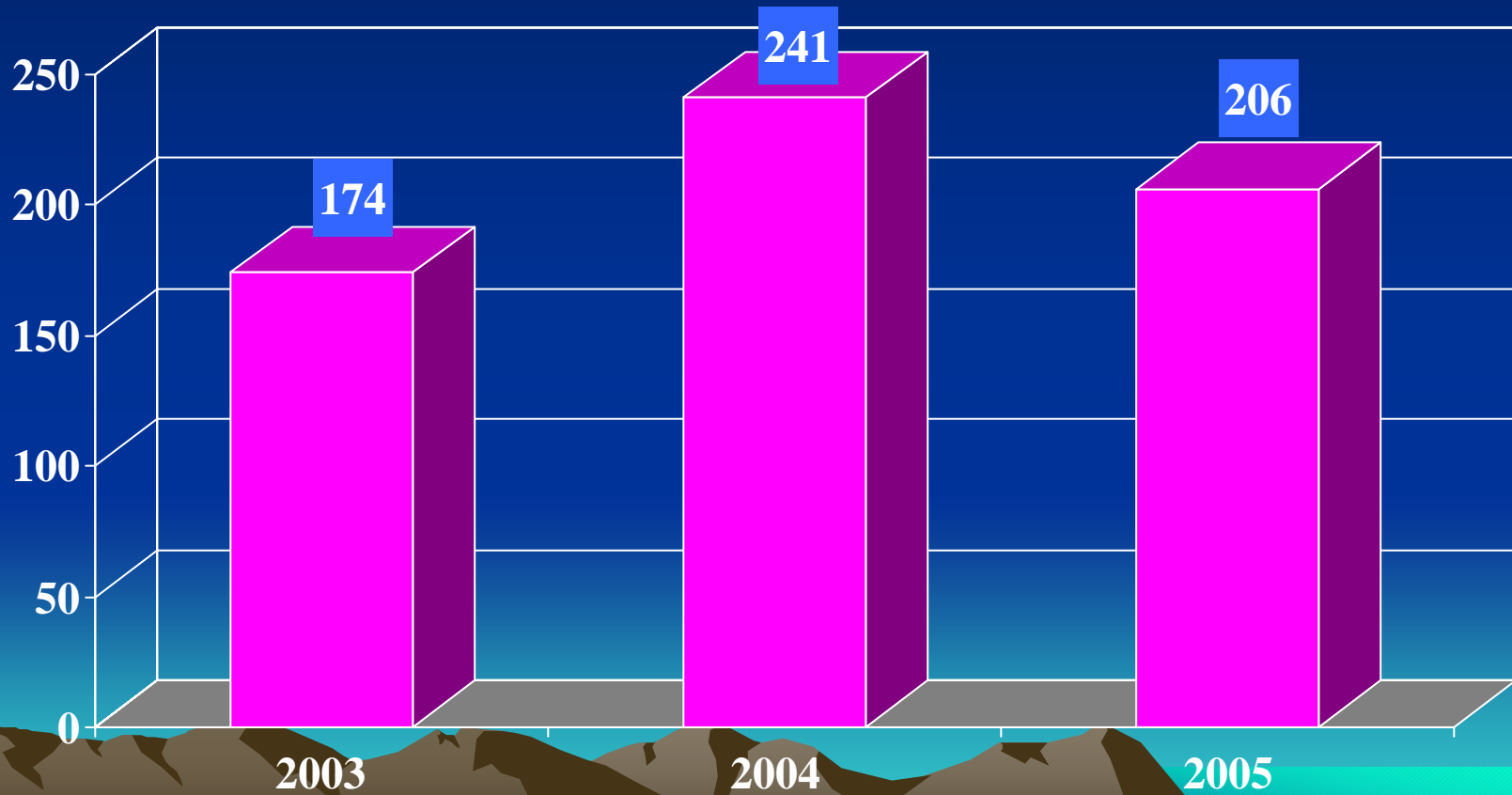
# Mortgage Fraud Pending Cases



# Mortgage Fraud Convictions/Pretrial Diversions

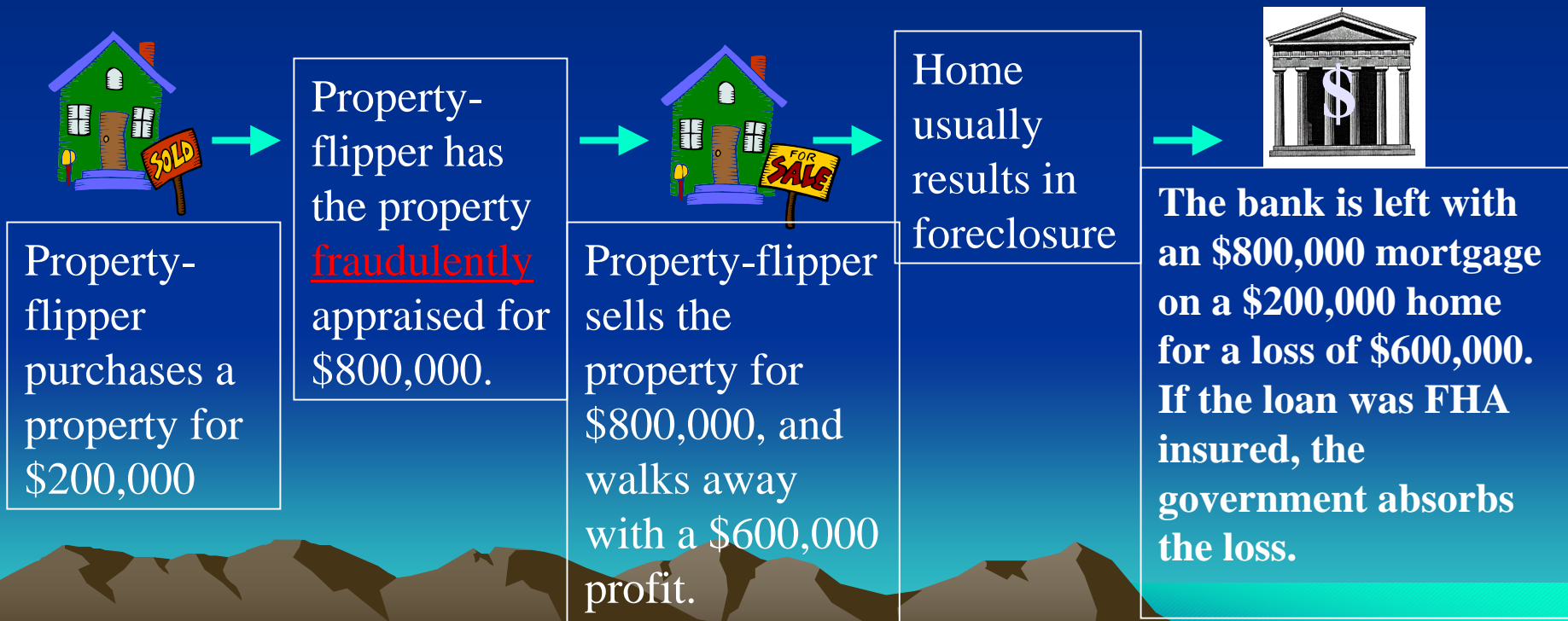


# Mortgage Fraud Indictments/Informations

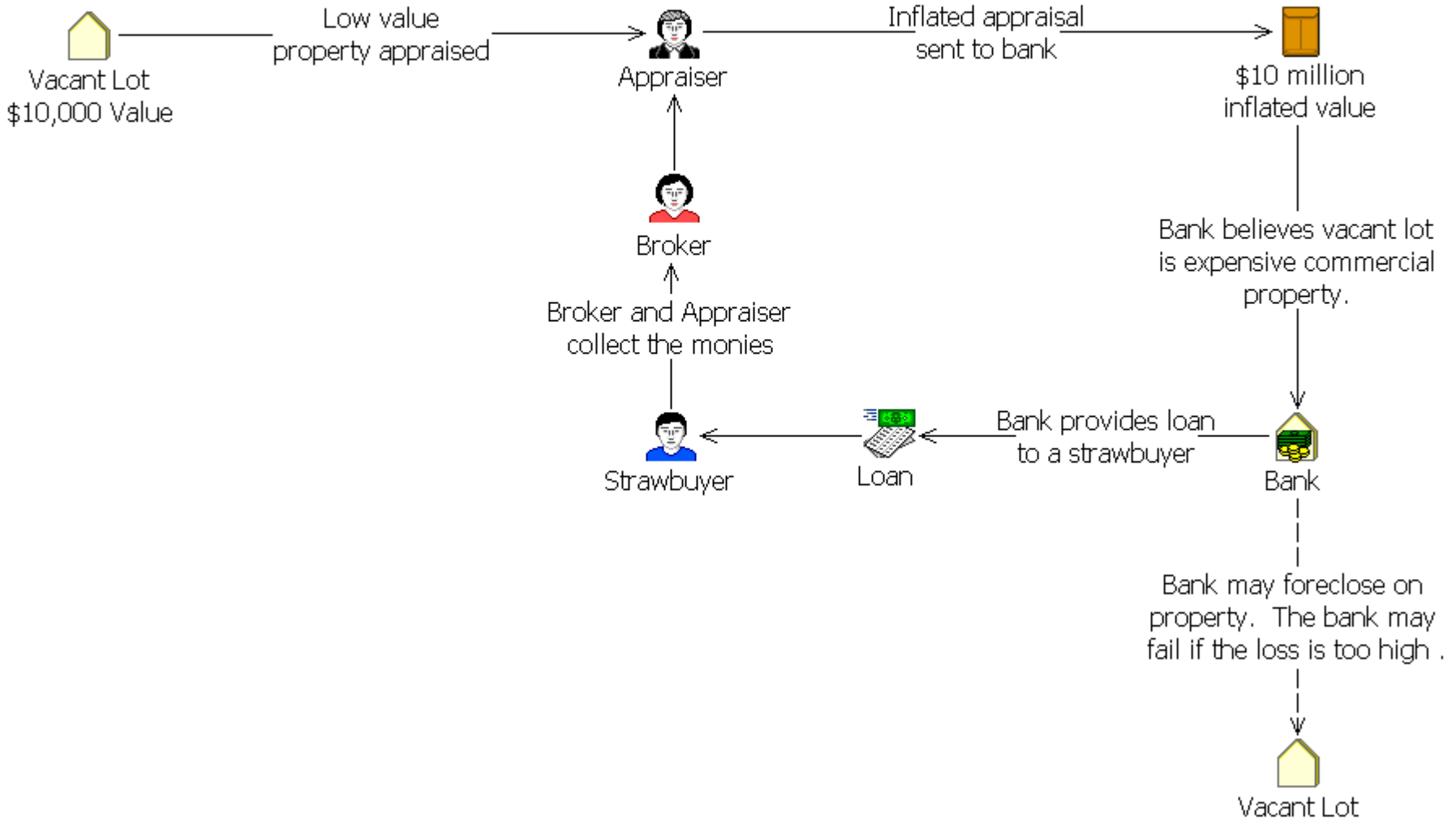


# Most Common MF Scheme

A common mortgage fraud scheme is the classic property "flip."

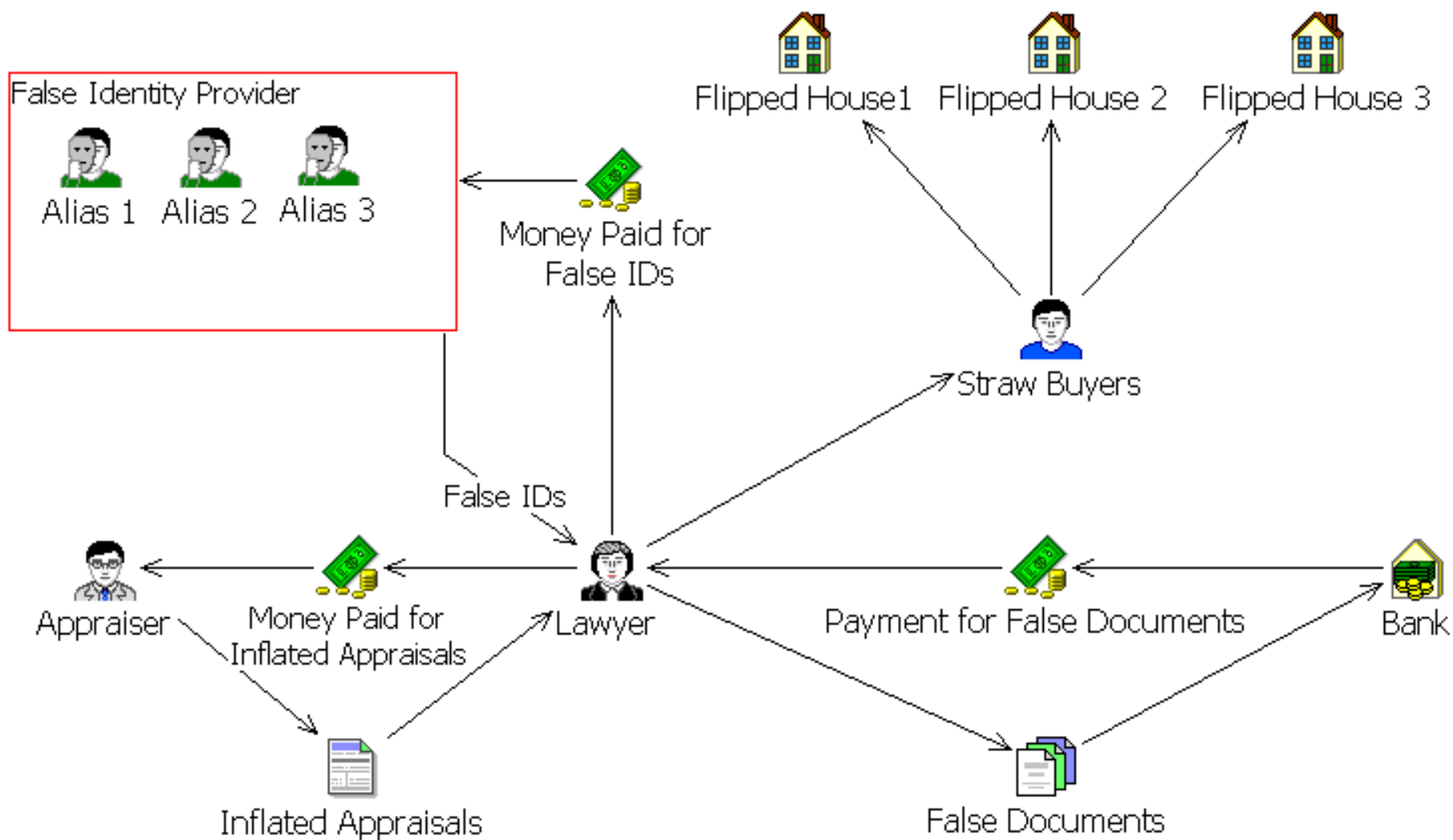


# Air Loan Example

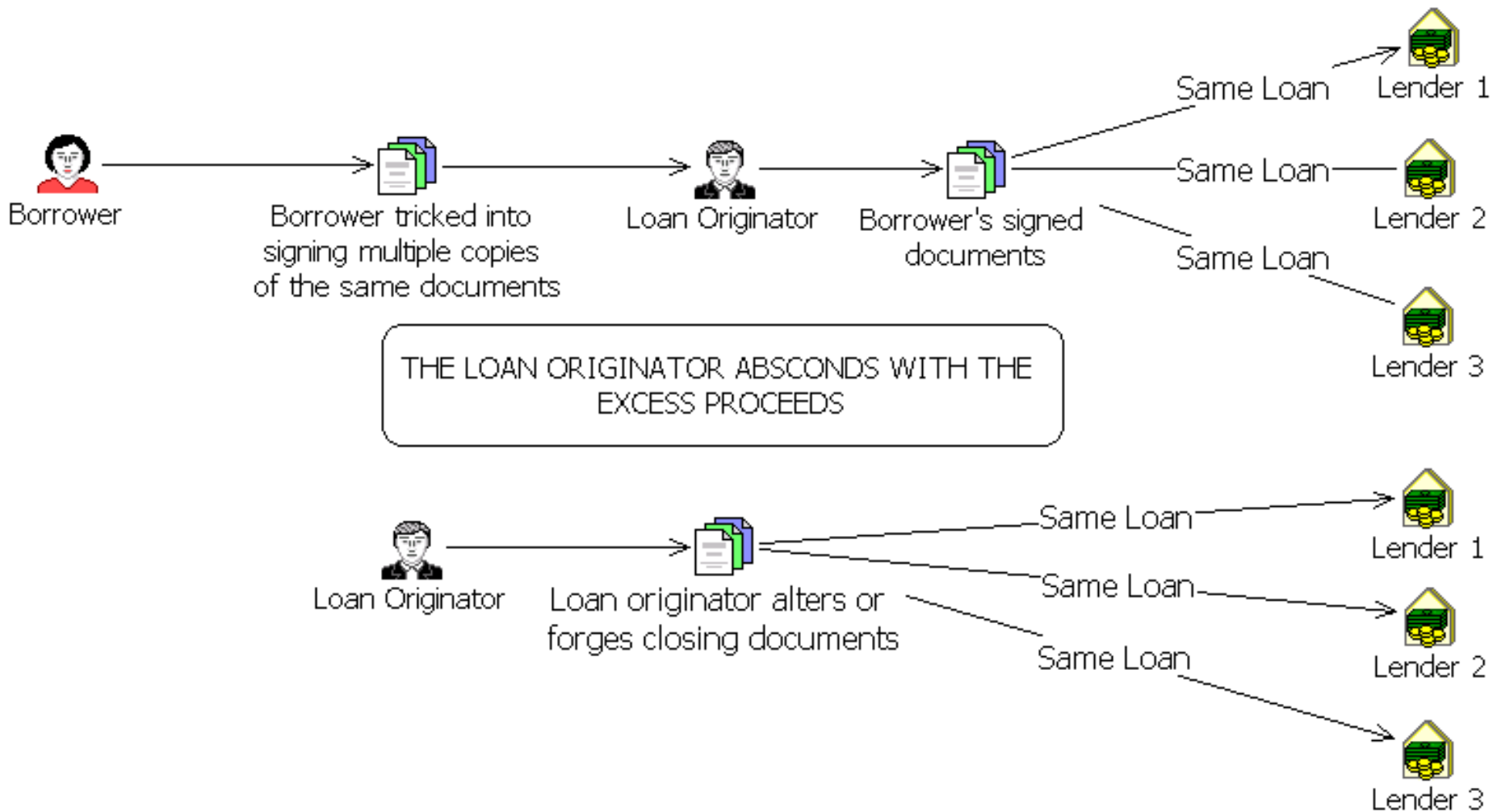




# Mortgage Fraud Example Flowchart



# Two Examples of Double Sold Loans



# **Mortgage fraud is committed for one of two reasons**

- To obtain a property
- To gain a profit



# Types of Fraud

## Fraud for Property/Housing

- Perpetrator is borrower
- Involves single loan
- Few misrepresentations
  - Income & property value may be altered
  - Down payment may be borrowed
  - Debt may be undisclosed
- Borrower seeks housing and/or cash from loan
- Borrower intends to repay
- **Accounts for approx. 20% of Mortgage Fraud**

# Types of Fraud

## Fraud for Profit

- Often involves industry professionals
- Multiple loan transactions and/or institutions
- Several misrepresentations
- Participants frequently paid for participation
- Borrowers sometime unaware of scheme
- **Accounts for approx. 80% of Mortgage Fraud**

# **Typical Fraud (For Profit) Schemes**

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- **Backward Application**
- **Air Loans**
- **Silent Second**
- **Nominee Loans**
- **Property “Flips”**
- **Inflated Appraisals**
- **Equity Skimming**

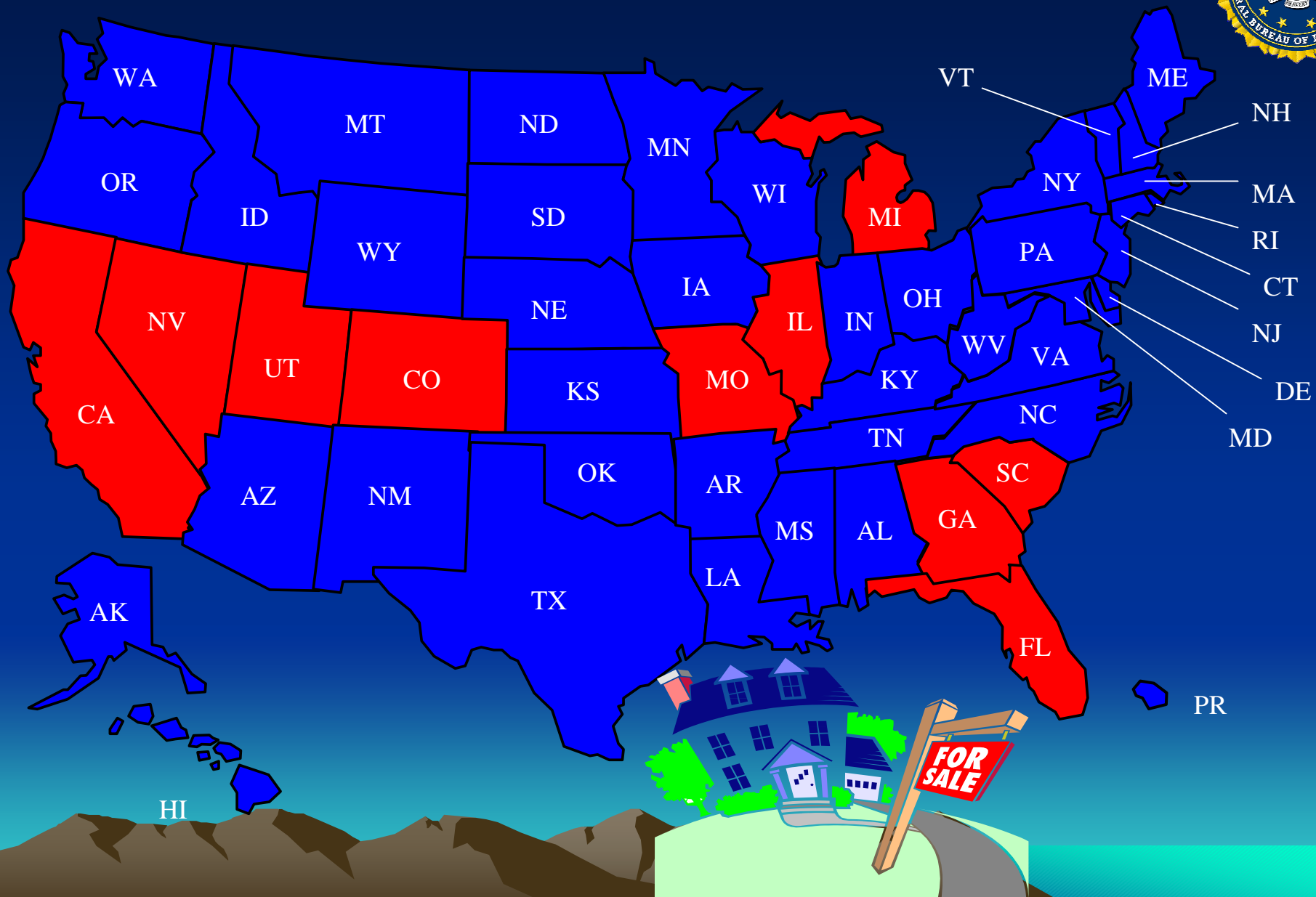


# Money Lost to MF?

- The actual amount of money lost to mortgage fraud each year is unknown largely because no central organization collects mortgage fraud loss data.



# Top Ten "Hot Spots" Mortgage Fraud Incidents (per capita), 2003





# Top Ten "Hot Spots" Mortgage Fraud Incidents (per capita), 2004

